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April 12, 2011

The Honorable Jocelyn Boyd  
Chief Clerk of the Commission  
Public Service Commission of South Carolina  
Post Office Drawer 11649  
Columbia, South Carolina 29211

Re: Complaint and Petition for Relief of BellSouth Telecommunications, Inc. d/b/a AT&T Southeast d/b/a AT&T South Carolina v. Affordable Phone Services, Inc. d/b/a High Tech Communications, Dialtone & More, Inc., Tennessee Telephone Service, LLC d/b/a Freedom Communications USA, LLC, OneTone Telecom, Inc., dPi Teleconnect, LLC and Image Access, Inc., d/b/a New Phone  
Docket No. 2010-14-C, Docket No. 2010-15-C, Docket No. 2010-16-C,  
Docket No. 2010-17-C, Docket No. 2010-18-C, & Docket No. 2010-19-C

Dear Ms Boyd:

In the letter it filed in these consolidated dockets on April 6, 2011, the Office of Regulatory Staff ("ORS") states "for cash-back promotions where the cash-back amount is higher than the standard retail price of the services," the ORS foresees circumstances in which AT&T South Carolina's method "could impede a Reseller's ability to compete." The ORS explains:

For example, if AT&T offered \$200 cash-back on a service with a monthly price of \$20.00, under AT&T's method it would be many months before the aggregate amount a retail customer pays for the service exceeds the aggregate amount a Reseller pays for the service.

While AT&T South Carolina acknowledges the theoretical concerns expressed by the ORS, it respectfully submits that practical financial and competitive marketplace considerations sufficiently deter local exchange carriers from offering excessive retail cash-back promotions.

For example, if AT&T South Carolina were to offer a \$200 cashback benefit on a service with a monthly price of \$20, AT&T South Carolina likely would be unable to recoup its costs associated with the promotion and the underlying services over the expected in-service lives of the customers taking such a promotion. AT&T South Carolina, therefore, respectfully suggests

The Honorable Jocelyn Boyd  
April 12, 2011  
Page Two

that the disciplines imposed by the competitive marketplace render this aspect of the ORS' recommendation unnecessary.

If, however, the Commission disagrees and determines that it is necessary to address the concern presented by the ORS, AT&T South Carolina acknowledges that the ORS' recommendation can be viewed as a fail-safe mechanism to the financial considerations to check promotions. Additionally, AT&T South Carolina acknowledges that the ORS' recommendation to adopt AT&T South Carolina's method "when the net amount paid by a Reseller in the aggregate is greater than the net amount paid by a retail customer in the aggregate over a period of three months or less" is "consistent with the reasoning that led the Federal Communications Commission to exempt promotions lasting ninety (90) days or less from the resale obligations of the Telecommunications Act of 1996." And while AT&T South Carolina does not agree that it is necessary, it acknowledges that the ORS' recommendation to allow Resellers to "challenge AT&T's methodology before this Commission in light of the specific facts" of other situations does not prejudice AT&T South Carolina or the Resellers, in that both parties would retain the right to present and defend the relative merits of their positions in such situations, should they actually arise in the competitive marketplace.

Accordingly, the ORS's proposal is much more reasonable, and much more consistent with controlling law, than either of the proposals suggested by the Resellers (which, as explained in AT&T South Carolina's Brief, are unreasonable and inconsistent with controlling law).

AT&T South Carolina appreciates the careful consideration the ORS has given to this matter, and it respectfully requests that the Commission render a decision on the important issues presented in this Consolidated Phase as quickly as possible.

Sincerely,



Patrick W. Turner

PWT/nml  
cc: All Parties of Record  
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STATE OF SOUTH CAROLINA                    )  
  )     CERTIFICATE OF SERVICE  
COUNTY OF RICHLAND                    )

The undersigned, Nyla M. Laney, hereby certifies that she is employed by the Legal Department for BellSouth Telecommunications, Inc. d/b/a AT&T South Carolina (“AT&T”) and that she has caused AT&T South Carolina’s Letter dated April 12, 2011 in Docket Nos. 2010-14-C, 2010-15-C, 2010-16-C, 2010-17-C, 2010-18-C and 2010-19-C to be served upon the following on April 12, 2011:

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